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**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Long Range Plan Committee Meeting

Monday, October 2, 2006
1:00 p.m.

Hotel Roanoke
Roanoke, Virginia

1 **APPEARANCES:**

2 The Honorable Kathy J. Byron, Committee Chairman
3 Mr. Thomas W. Arthur
4 The Honorable Allen Dudley
5 The Honorable Frank M. Ruff
6 The Honorable Philip P. Puckett
7 The Honorable Donald Timberlake, Deputy Secretary of Finance
8 The Honorable William C. Wampler, Jr. (by phone)

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11 COMMISSION STAFF:

12 Mr. Neal Noyes, Executive Director
13 Mr. Ned Stephenson, Director of Investments
14 Mr. Timothy Pfohl, Grants Program Administration Manager
15 Ms. Britt Nelson, Grants Coordinator - Southside Virginia
16 Ms. Stephanie Wass, Director of Finance

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19 OFFICE OF THE ATTORNEY GENERAL

20 Mr. Francis N. Ferguson - Deputy Attorney General, Counsel for the
21 Commission

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1 DELEGATE BYRON: I'll call the meeting to
2 order. This is the Long Range Planning meeting, and I welcome everyone
3 here. I'll ask that Neal call the roll.

4 MR. NOYES: Mr. Arthur?

5 MR. ARTHUR: Here.

6 MR. NOYES: Delegate Byron?

7 DELEGATE BYRON: Here.

8 MR. NOYES: Delegate Dudley?

9 DELEGATE DUDLEY: Here.

10 MR. NOYES: Secretary Gottschalk?

11 SECRETARY GOTTSCHALK: (No response.)

12 MR. NOYES: Mr. Montgomery?

13 MR. MONTGOMERY: (No response.)

14 MR. NOYES: Senator Puckett?

15 SENATOR PUCKETT: Here.

16 MR. NOYES: Senator Ruff?

17 SENATOR RUFF: Here.

18 MR. NOYES: Senator Wampler?

19 SENATOR WAMPLER: Here (by phone.)

20 MR. NOYES: Secretary Wagner?

21 SECRETARY WAGNER: (No response.)

22 MR. NOYES: Deputy Secretary Timberlake?

23 DEPUTY SECRETARY TIMBERLAKE: Here.

24 MR. NOYES: We have a quorum.

25 DELEGATE BYRON: I welcome Mr. Timberlake

1 to the Committee and to our meeting. Thank you for being here today. I'm
2 sure you'll have a lot of words of wisdom for us.

3 We do have legal counsel with us today to make sure that we do
4 everything right.

5 At this time I'll entertain a motion for approval of the Minutes.

6 SENATOR RUFF: So moved.

7 MR. ARTHUR: Seconded.

8 DELEGATE BYRON: All in favor? (Ayes.)

9 Opposed? (No response.) All right, the Minutes are approved.

10 Then we'll move along with the presentation of the plan.

11 MR. NOYES: The revisions that were sent out
12 about three weeks ago reflect the changes requested by this Committee at
13 our late June meeting. There have been no changes to the Mission
14 Statement, the Vision Statement or to the individual rationale for the Plan
15 since that time. There may have been some spelling things, but they're
16 intact; you saw them the last time.

17 DELEGATE BYRON: Do we want to stop there
18 before we go any further? Is there any discussion on this, or should we
19 move on to things that need our discussion?

20 SENATOR WAMPLER: Madam Chair, my
21 question to Neal is, is that the one that says, Draft Revision, September
22 2006, actually seven pages in length?

23 MR. NOYES: That's correct, Senator.

24 DELEGATE BYRON: We're just referring now to
25 the Mission, Vision, Rationale part of that, and not the Objectives or

1 Strategies.

2 SENATOR WAMPLER: I don't see anything
3 different from what we, substantively from what we talked about last time.

4 DELEGATE BYRON: I would agree, so I'd
5 entertain a motion at this time so we can get this off the table, to approve
6 those three aspects of the Revised Plan, if someone cares to make a motion.

7 SENATOR RUFF: So moved.

8 MR. ARTHUR: Second.

9 DELEGATE BYRON: There is a motion and a
10 second to accept the Mission, the Vision and the Rationale of these in the
11 Strategic Plan as revised and before you, September 2006. All in favor?

12 SENATOR WAMPLER: Madam Chair, one quick
13 point. As you look on Page 6 of the General Funding Policy, my notes from
14 the previous meeting, it's only my interpretation, but those are guidelines. I
15 support them, and I think they're good. The vision I have is that there is
16 going to be some projects in the next ten years that may not fit exactly with
17 all those funding policies and ultimately requires the full Commission to
18 make a recommendation in the form of an affirmative vote to pass those. I
19 make that as a cautionary statement. Once again, I concur with the General
20 Funding Policies.

21 DELEGATE BYRON: I wasn't including those in
22 that motion right now. We'll still discuss those briefly. I'm glad to hear you
23 already approve of them. That means we won't hear any words of
24 opposition on those from you. If you approve the rest of them, that's what
25 the motion is, to approve just the Mission, Vision and rationale of the

1 objectives. Those would be the Indemnification, Building the Technology
2 Infrastructure, Building the Human Infrastructure, Building Conditions for
3 Innovation, Building Regional Development Capacity, and that would be it.

4 We have a motion on the floor and a second. All in favor?
5 (Ayes.) Opposed? (No response.) That motion carries.

6 MR. NOYES: I think now we should go element
7 by element to the objectives, strategies. Staff attempted to incorporate the
8 direction that we received from the Committee. We did some wordsmithing,
9 combining or deleting some of the objectives and strategies, shifting some
10 from strategies to the objective category, so we were looking at outcome,
11 versus how we were going to get to that outcome.

12 If we go to indemnification, which is new for this version of the
13 Long Range Plan, we have as the objective indemnification for tobacco
14 producers and quota holders, strategy, payment upon substantiation of
15 claims in accordance with schedules established by the Commission at our
16 last meeting, the term annual, there was an objection to the use of the term
17 annual in the strategy statement that has been deleted.

18 DELEGATE BYRON: We're looking at objective,
19 strategy.

20 MR. NOYES: What we will be the
21 recommendations after working through the objectives and strategies, if
22 that's all right with the Chair.

23 DELEGATE BYRON: Any discussion on the
24 indemnification? The only change was the term "annual."

25 MR. NOYES: Yes, ma'am.

1 SENATOR RUFF: That would give us the option
2 of doing more one year or doing less one year?

3 MR. NOYES: Yes, sir.

4 SENATOR RUFF: As we see fit, having every
5 year the same.

6 DELEGATE BYRON: I'm trying to remember
7 part of that discussion and what was based around that. Maybe it isn't that
8 big of a deal.

9 MR. NOYES: The reason for deleting the term
10 "annual" is just exactly what Senator Ruff was describing. Didn't want to
11 prejudice the document to indicate that we would be doing this for the
12 balance of the indemnification cycle, leaving it to the discretion of the
13 Commission as a whole to make changes to accelerate those payments if that
14 was the will of the Commission.

15 DELEGATE BYRON: Any further discussion on
16 that? Okay.

17 MR. NOYES: Moving to Building Technology
18 Infrastructure. What you see are four objectives and four strategies that are
19 somewhat reduced from the number in the original 2003 document and in
20 the draft you saw earlier. The Staff's position is that we think we have
21 captured all of those objectives and those strategies which were central to
22 building technology infrastructure. That is based upon the discussion we
23 had in June. We talked about the distinction between wireless deployment
24 versus direct fiber to specific locations. The strategies you see there allow
25 both options.

1 DELEGATE DUDLEY: Under the
2 recommendations provide one thousand business connections annually.
3 What does it mean when you say, provide?

4 MR. NOYES: Make those connections, have that
5 many businesses sign up. We're going to deal with the goals in the next,
6 goals and outcome measures next step in our process here today.

7 DELEGATE BYRON: Trying to break down,
8 discussing pieces of it instead of completing each whole section. So right
9 now, we're looking at objectives and strategies in each of these particular
10 areas.

11 MR. NOYES: Doing it that way because the
12 Committee may wish to substitute some other goals in regard to building
13 technology and infrastructure. You're in no way bound by the ones that
14 Staff put in there. Staff put it in there simply to illustrate what it would look
15 like, but in the italicized and parenthetical area, alternatives are suggested.

16 DELEGATE BYRON: William, have you
17 reviewed the technology section? Do you have anything to add?

18 SENATOR WAMPLER: If I heard Delegate
19 Dudley correctly, a thousand new business connections is a goal, and
20 whether it's five hundred or fifteen hundred, I think it's something we can
21 measure. The only thought I had was those localities that have already
22 deployed, it may be a little more difficult to meet that one thousand
23 connection on an annual basis, but that's just nit-picking. I think it's broad
24 enough to meet what I think our objectives and strategies are.

25 DELEGATE BYRON: Anyone want to add to it

1 or take away from it?

2 MR. TIMBERLAKE: When I read that, the only
3 thought I had was do you want to have a target with a specific number or a
4 ratio?

5 DELEGATE BYRON: We're talking about
6 recommendations. We want to get some things on the table, we'll probably
7 have a lot more discussion on the goals.

8 If there is no objection, then we'll go down to Building Human
9 Infrastructure.

10 MR. NOYES: There are five objectives that we
11 can steal from the group that we talked about last time, and four strategies.
12 The Staff incorporated the direction that we received from the Committee
13 the last time we met, and we've come up with these nine statements.

14 SENATOR RUFF: If it please the Chair, I feel
15 that if you're going to put GED in there, I think we need to also say
16 something about workforce training. If you're going to pull out one or two
17 items, I think we certainly, we've got to get people in the trades, we have to,
18 this says enhance workforce readiness through support for proven and/or
19 innovative GED programs. But then when we get into training, you're only
20 talking about GED. I think we also need to have a point about developing a
21 quality workforce type programs.

22 DELEGATE BYRON: That would be under
23 objectives?

24 SENATOR RUFF: Under strategies. It's covered
25 under the first point.

1 DELEGATE BYRON: I don't know how specific
2 you want to get on GED. If you're talking about, are you talking about
3 apprenticeships or any other opportunities along those lines as well? Are
4 you?

5 MR. NOYES: Can we add to GED initiatives
6 something that has to do with trades? What sort of language? We'd be
7 happy to incorporate that language.

8 SENATOR RUFF: I would feel more comfortable
9 if we had a separate bullet.

10 MR. NOYES: That's fine.

11 SENATOR RUFF: I think that's two different
12 animals.

13 MR. NOYES: That's easy to do.

14 SENATOR RUFF: If I could listen to what I said
15 before, that would work, but I wasn't listening.

16 DELEGATE BYRON: Trying to be a little
17 clearer, we could leave that open, teacher training on technology
18 applications. What were we referring to there?

19 MR. NOYES: Actual programs that provide
20 training for the teachers so that they can better work with their different
21 students. We didn't take that up, we kept that in.

22 SENATOR RUFF: I would say establish quality
23 workforce training programs.

24 DELEGATE BYRON: I don't know if we've done
25 teacher training before, but it seems to me that's part of the public school

1 system in other areas that perhaps may be not the directions --

2 DELEGATE DUDLEY: -- The federal monies,
3 they'll teach them how to do that. If I'm understanding what you're saying,
4 you're talking about a vast number of people out there that may or may not
5 have a GED, or may or may not have already gotten a high school education
6 or a diploma, and may have additional skills. I don't think you would tack
7 that onto GED. That's separate.

8 MR. NOYES: We added a strategy that says
9 establish quality workforce programs, and that's drawn broadly, and we've
10 got a lot of latitude for applicants to bring the programs to the attention of
11 the appropriate committees.

12 MR. TIMBERLAKE: I was going to add training
13 and re-training. In the area of adult education, the issue is workforce
14 training and having marketable skills and different skill sets that are needed
15 in the community.

16 MR. NOYES: Do you want to add after quality
17 workforce training/retraining?

18 SENATOR RUFF: That sounds all right.

19 DELEGATE BYRON: Workforce training and
20 retraining programs.

21 MR. NOYES: I've asked Ned to keep a running
22 list of those changes and summarize those at the end.

23 DELEGATE BYRON: What about the teacher
24 training? I'm not sure what really involves teacher training?

25 MR. NOYES: We didn't do anything unless we

1 were told to.

2 DELEGATE BYRON: Haven't we done this
3 before?

4 SENATOR RUFF: Yes, we've done some
5 programs.

6 MR. PFOHL: A couple of grants come to mind, I
7 think Longwood got a grant, and three or four others, including Old
8 Dominion, in developing some on-line science courses for grade school
9 teachers to be recertified. I believe once every year there is a proposal for
10 training teachers.

11 SENATOR RUFF: That phrase bothers me a little
12 bit, I might change that phrase. I don't know what it says. It doesn't say
13 anything about science or math or technology application.

14 DELEGATE BYRON: It's very broad, and that's
15 what I say we're trying to look at this so that when we have people to look at
16 all these things on-line they can maybe have a better understanding of what
17 direction we're going in. This is rather broad.

18 SENATOR RUFF: I'd like to broaden it more.
19 One of the problems we have is nurses. We not only don't have enough
20 nurses we don't have the people that can train them to be nurses. So there is
21 a realm out there that we need to get that level of education in the region.
22 I'm not sure how you could term it any better, but that phrase seems to be
23 off.

24 MR. TIMBERLAKE: Is your objective to get
25 them trained in a technical education program and certified for technical

1 education or in that field, because the issue that you're faced with when
2 you're dealing with technical education is certification. In order to be
3 certified they have to be trained by someone that's certified. When you look
4 at the area of nursing or any of the other technical education fields which are
5 now more than just your trades, and that's a particular area of need making
6 sure that there are certified trainers, that the teachers have their certification.
7 There are other efforts toward that, but that is the area that has a lot of need
8 right now. Is that where you're trying to head with that?

9 DELEGATE BYRON: I'm not sure. Frank, you
10 head up the Education Committee, and you may have more to offer.

11 SENATOR RUFF: I would hope maybe
12 somebody else would come up with that.

13 DELEGATE BYRON: Is the shortage in the
14 trainers or in the training of teachers to be able to train the students? Where
15 is the need?

16 SENATOR RUFF: We don't have people with
17 credentials to teach some of the higher level things. Danville Community
18 College is putting in a welding program, and they've done a nationwide
19 search trying to find someone qualified to meet the standards to teach that
20 welding program.

21 DELEGATE BYRON: We know what they're
22 looking for, and we know, so we'll let the brains continue to function, and
23 we can move on and then come back to that. I think that's the only hang-up
24 in that area, unless someone has something else they might want to offer.
25 Let's just move on.

1 Building Conditions for Innovation.

2 MR. NOYES: Five objectives and seven
3 strategies. The rationale for discussion identifies what was dropped. This
4 was after our discussion in late June.

5 DELEGATE BYRON: I don't have any problem
6 with that, I think that's pretty good. William, are you okay with this?

7 SENATOR WAMPLER: I don't think it has as
8 much substance perhaps as the others, at least in my attempt to digest it, but
9 it's okay.

10 DELEGATE BYRON: Hearing no objections,
11 let's move on.

12 Building Regional Development Capacity.

13 MR. NOYES: Four objectives are identified, and
14 only two strategies. We dropped the term "rudimentary," as it indicates in
15 the parenthetical section. This is basically the bricks and mortar of the
16 Commission's efforts.

17 SENATOR RUFF: Chairman Hawkins is tired of
18 seeing us build industrial parks.

19 MR. NOYES: Chairman Hawkins has also
20 admonished the Staff to ensure maximum flexibility for the Commission
21 when they make their decisions.

22 SENATOR RUFF: Just passing on. I think it's
23 fine.

24 DELEGATE BYRON: Talking about increasing
25 inventory, what we've served. Are you referring to increasing inventory or

1 to what we've served, according to the way you read the statement?

2 MR. NOYES: I don't know why the Commission
3 would wish to increase the inventory of unserved industrial parks or sites.

4 DELEGATE BYRON: Non-existing, we should
5 say.

6 MR. ARTHUR: This gives us flexibility to do
7 anything that we want to do, and that's basically what the Chairman wants to
8 do, have the flexibility. So I don't see any problems like it is.

9 DELEGATE DUDLEY: Somewhere in here I'd
10 like to see something more referring to the TROF Fund that we use, and we
11 picked it up through some of these others. It seems to me we should move
12 strategy and use the TROF Fund or something.

13 MR. NOYES: You're suggesting that be under
14 Building Regional. Certainly TROF funds are used for infrastructure when a
15 business chooses to expand or locate facilities in our service area. We talked
16 about the TROF Fund earlier in the Plan.

17 DELEGATE DUDLEY: Where is that?

18 MR. NOYES: Innovation. The first strategy
19 under Innovation has the Capital Access Fund and the TROF program
20 identified.

21 SENATOR RUFF: You said in the last section,
22 added it as one of your objectives to increase employment, and then make
23 that a strategy by using the TROF Fund.

24 MR. ARTHUR: Are you still working on what we
25 can do to tighten up TROF?

1 MR. NOYES: Yes.

2 MR. ARTHUR: TROF as we know it now, I don't
3 know how we'll do it in here if we don't know what it's going to be like when
4 we finish talking about your recommendations on it.

5 MR. NOYES: Ned and I have spent some time
6 discussing the TROF program and principally modifying the formula that we
7 use. Where it stands now, and we went through a couple of iterations
8 tinkering with that formula and moving new jobs dollar amounts from 750 to
9 1,000, moving the multiplier in relation to the new permanent jobs, moving
10 50 to 25 percent, changing the weights of the element. We looked at that
11 against maybe a half a dozen or eight past deals. I think we're closing in on
12 a place where we will be recommending and lowering the floor from 50 to
13 25 thousand, using TROF as a broad economic development tool for the
14 Commission, rather than as a deal closing tool. The Staff's position and
15 folks we dealt with felt, the people in the field that we queried on this, we're
16 really not closing a deal with the TROF program. We're facilitating it to
17 some extent, but it's not decisive. Things like locational advantage and
18 access to transportation, tax incentives, these are things that concern the
19 businesses that we hope will come. We think that by broadening it we'll
20 have to see over some period of time how that, whether it works the way the
21 Commission wishes it to work. We're going to have it for the TROF Panel
22 in advance of the November Commission meeting and have some discussion
23 as part of the retreat about possibly modifying the program.

24 We're looking at different weights to the different elements, a
25 different floor. We're also looking at retained jobs, a ratio of 25 percent as

1 against the new jobs. Nothing is set in stone until the TROF Panel has had
2 an opportunity to review it and see what it is and in a historical way what it
3 would do or what it would have done different than what the decisions were,
4 and then ask the Commission to act on it.

5 MR. ARTHUR: This is a little off the topic, but
6 you should be given the authority to not even send those TROF's out to the
7 Panel. On some of them you need to be able to have guidelines strict enough
8 that you can reject them. Right now every single one coming out, a lot of
9 them would get possibly approved that should not be, and you should be
10 given the authority to not even send them out.

11 MR. NOYES: I would think that after we're
12 finished reviewing the different weightings and have a chance to discuss it
13 and the TROF Panel has a chance to discuss it, that something we do now,
14 which is to get something in, and the calculation says X number of dollars,
15 and then we use more of the TROF account than what the calculation might
16 warrant. I would hope that once we get this set and agreed upon, the
17 calculation is going to be what it is going to be, and we can round it to the
18 nearest \$5,000 or something like that, but not be \$100,000 more than the
19 calculation, or 50,000 or 25,000 more.

20 MR. ARTHUR: Madam Chairman, I apologize for
21 getting off the topic.

22 MR. NOYES: We looked at the deviations in past
23 practices, and Ned did that at my request.

24 MR. ARTHUR: Because of this, that's why I was
25 concerned where we put it and how we treated it, and that's the objective

1 we're working on today.

2 MR. NOYES: We can specifically add as an
3 objective under Regional Development Capacity, increase the number of
4 jobs, if that's what the Committee wishes to recommend, and then add
5 strategy. There is no reason not to have the TROF program mentioned twice
6 in the strategic planning document. You can mention it in each of the
7 elements, if that's your decision.

8 MR. ARTHUR: Increasing new jobs is certainly
9 what I've considered the purpose of TROF, and that can be incorporated into
10 the regional development, that's my opinion.

11 DELEGATE DUDLEY: Well, I don't see
12 anywhere else in here that it actually says increase jobs.

13 MR. NOYES: That's a recommendation that we're
14 going to get to in a minute in this section.

15 DELEGATE DUDLEY: That's central.

16 MR. NOYES: We can say it.

17 DELEGATE BYRON: The education side of
18 workforce, other than just creation of jobs.

19 MR. NOYES: Do you want to say under
20 objectives, increase private sector employment?

21 DELEGATE DUDLEY: You've got that under
22 goals.

23 MR. NOYES: That's where we get into the
24 specific measurements. We're looking for language for objectives and
25 language for strategies.

1 SENATOR RUFF: Increase employment
2 opportunities?

3 MR. NOYES: Don't mention private sector, or
4 should we mention the private sector? What is it we're after here?

5 SENATOR RUFF: Jobs, opportunity to make
6 income, and then increase employment opportunities.

7 MR. NOYES: Increase of employment
8 opportunities through objectives, strategy, TROF investments directly linked
9 to employment outcome?

10 DELEGATE BYRON: Yes. Does everybody like
11 it? I like it. Did you hear that, William?

12 SENATOR WAMPLER: Yes, fine.

13 DELEGATE BYRON: Is there anything else we
14 want to add? Go back as we've done with regional development, go back to
15 human infrastructure and give the Staff plenty of time to come up with
16 something.

17 MR. STEPHENSON: We've got a little something
18 that may help the Chair. In the interest of brevity, pass this around the table,
19 and try to keep it short. Here's the essence of what we've done. Establish
20 and support programs for the professional development of instructors in
21 critical vocations and in the use of technology. Establish and support
22 programs for the professional development instructors in critical vocations
23 and in the use of technology.

24 DELEGATE BYRON: Thank you for repeating it.

25 MR. STEPHENSON: The Chairman is free to edit

1 it as you may wish.

2 DELEGATE BYRON: We can certainly support,
3 are we in the capacity of establishing this?

4 SENATOR RUFF: We may, yes.

5 DELEGATE BYRON: That's why I'm asking.
6 Any discussion?

7 MR. PFOHL: A point of observation, in some of
8 the Education awards, particularly to the community colleges that happen on
9 a reoccurring basis, to send instructors to professional development
10 conferences and training. I think all of us want to work for employers that
11 will help us develop as professionals. One of the measuring sticks the Staff
12 has been trying to use is obtaining additional credentials. If it's the will of
13 the Committee, we'll continue to use that as a way to differentiate, add a
14 higher priority to the professional development when additional credentials
15 are being sought or obtained by the professional folks, as opposed to going
16 to the same conferences every year, if that would be any help.

17 DELEGATE DUDLEY: We're sending college
18 professionals to conferences?

19 MR. PFOHL: Yes, under the community college
20 educational allocation.

21 DELEGATE BYRON: Is this statement helpful,
22 or just brining up something for consideration?

23 MR. PFOHL: I think we bring it up to get the
24 issue on the table and for you to give us some feedback so that we can make
25 decisions or distinctions between professional development opportunities

1 that may be a higher priority in some cases than others. We know our
2 customers are very creative in their grant writing, and if they see something
3 in the Long Range Plan, can spin it pretty effectively. We're looking for
4 your feedback on how you'd like Staff to proceed to send a message of
5 priorities.

6 DELEGATE DUDLEY: Tell them we were
7 shocked when we're sending college professionals to conferences.

8 MR. STEPHENSON: It may help the process if
9 we were to insert the word "credentials" in this sentence to send a signal that
10 we're interested in people pursuing credentials but not necessarily to go to
11 conferences and trade shows, if that's what the Committee wishes to do. To
12 give Staff the tools to make a distinction between conferences and
13 credentials.

14 DELEGATE DUDLEY: Would that do it for the
15 Staff?

16 MR. PFOHL: That would be very helpful. Britt
17 just raised the example of a DCC instructor who was sent for CISCO
18 training to certify a CISCO instructor, and I think that's the kind of thing you
19 would hold up as an example of something that's productive, where this
20 person now is authorized to teach the CISCO system and do others.

21 DELEGATE BYRON: Is that the certification
22 you're speaking of?

23 MR. STEPHENSON: The one I read you does not
24 contain certification for credentials. I'm suggesting that hearing Tim we
25 need to have that word in that.

1 DELEGATE BYRON: Would you repeat that
2 again?

3 MR. STEPHENSON: Establish and support
4 programs for the professional development of instructors' credentials in
5 critical vocations and in the use of technology.

6 DELEGATE BYRON: That would help Staff?

7 MR. PFOHL: Yes, I think so.

8 DELEGATE BYRON: It will help us, because
9 that's what the Committee wishes to do. All right, then we'll add that in, if
10 that's all right.

11 SENATOR RUFF: We talked about establishing
12 workforce, and maybe we ought to put that in, establish and support, in the
13 workforce training and retraining program.

14 MR. NOYES: Establish and support quality in
15 workforce training and retraining program.

16 DELEGATE BYRON: That's fine.

17 MR. NOYES: Should we ask Ned to review the
18 edits we've made?

19 DELEGATE BYRON: Do you have all those
20 written down?

21 MR. STEPHENSON: I do, and I'll ask my
22 comrades to check me. Madam Chairman, under Building Human
23 Infrastructure in the section entitled, Strategies, we have added a bullet to
24 say "Establish and support quality workforce training and retraining
25 programs." We have stricken the last bullet that said, teacher training, et

1 cetera, and replaced it with this bullet. "Establish and support programs for
2 the professional development of instructors' credentials in critical vocations
3 and in the use of technology."

4 Moving down to Building Regional Development Capacity,
5 Page 5 and spilling over to Page 6, we have added an objective, "Increase
6 employment opportunities," and we've added a strategy that reads, "TROF
7 investments directly link to employment outcome."

8 Those are all the changes I have listed, Madam Chairman.

9 DELEGATE BYRON: Thank you.

10 SENATOR RUFF: I would make a motion that we
11 accept the revisions as presented.

12 DELEGATE BYRON: The motion is made and
13 seconded we accept those revisions. All in favor? (Ayes.) Opposed? (No
14 response.) All right, the motion carries unanimously.

15 What's next?

16 MR. NOYES: Outcome Measures. The
17 discussion in the parenthetical part is about alternatives that you might want
18 to consider, and there may be any number of others. There is a
19 recommendation again, just to show what they might look like.

20 The first section on indemnification, and I don't think you'll
21 want to spend much time here, they really aren't options. We don't want the
22 goal less than a hundred percent, and we would expect to reach that goal
23 every single year as long as we're doing it.

24 I'd go to Building Technology Infrastructure, and that's the first
25 one where there are some alternatives. The question earlier was what is the

1 business connection. That's a contract between some entity to be providing
2 Broadband services and a business incorporated in the Commonwealth of
3 Virginia. That's how I would define that, if indeed this recommendation is
4 the direction the Committee wishes to go.

5 Number of new connections annually, that's connections, and it
6 doesn't have to be with a business, but if we're looking at revitalization and
7 economic development, having language about business connections seems
8 to the Staff to be very useful, rather than residential or schools or libraries or
9 whatever it is.

10 DELEGATE BYRON: Who would track this?

11 MR. NOYES: Staff will track and report to the
12 Commission. We would expect our applicants to advise us how many new
13 connections there are, and we'll report it and report back. That's part of the
14 application process when somebody comes in seeking Commission
15 investment.

16 SENATOR RUFF: What is the difference in
17 having a set number as a goal, rather than a percentage?

18 MR. NOYES: I don't know that you'd want a
19 percentage. If you're going to do percentage you might want to look at the
20 universe of businesses in Southwest Virginia and say we're going to increase
21 the connectivity five percent year-over-year in that group. That's a rather
22 daunting kind of way of going about it. You set as your goal a percentage of
23 new connections against the universe. It could be residences, or it could be
24 dwelling units. It is simpler to track new connections, and the percentage is
25 your measure.

1 DELEGATE BYRON: How do you control it, or
2 are we marketing it? Is the connection there?

3 MR. NOYES: That's a really good question.
4 When an application comes in to the Commission for Technology funds,
5 we're going to expect that application to say, we expect 200 business
6 connections, and you provide these funds. If they don't say that, Staff in its
7 recommendations to the Technology Committee will say this applicant
8 doesn't indicate that they're going to have these connections, and the
9 implication is don't fund the project unless they do, unless they tell you up
10 front and the application states what outcomes they expect to produce in
11 return for receiving the Commission's investment.

12 SENATOR RUFF: All of us in rural Virginia,
13 from time to time, have complained about the Economic Development
14 Partnership focusing their attention on where the easy pickings are around
15 Northern Virginia and Richmond and Tidewater, to the chagrin of a lot of us.
16 If you say we're going to set a hard number throughout the tobacco region,
17 so we get 500 in Franklin County and 500 in Campbell County, and the
18 tobacco region is served. Is it served?

19 MR. NOYES: That's a fair question. This
20 Committee could recommend a goal, X number of dollars per connection,
21 and hold our grantees to the standard that you set. That's perfectly
22 reasonable. That doesn't entirely solve the problem, because you could still
23 wind up with the bulk of the new connections or money used, the bulk of the
24 new connections in one place rather than in another place. I don't see how
25 you solve that problem except through the application process and have the

1 applicant tell us this is the geography that is going to be served, and this is
2 the number of connections, whatever type this Committee determines, that
3 we expect to provide over whatever period of time. Then the Staff monitors
4 that, and we report back.

5 SENATOR WAMPLER: I think I know where
6 Frank's going with this one, and I don't know that Neal and I have had this
7 conversation. It's very hard to determine what I'm about to say. I think what
8 Frank wants is some type of measurement throughout the region, are we at
9 85 percent of all homes and businesses being served at least at the DSL
10 level. We want to make sure we have a wide penetration.

11 I know North Carolina took a stab at this to say it was the state's
12 goal to have X percentage of households and businesses served by a date
13 certain, but the problem is in doing that all what our competitors are
14 offering, it's almost impossible to determine that. Whether it's our
15 recommendation that we try to quantify 1,000 new business connections.
16 We have to do something to measure it, but I think what Frank is saying is
17 that we need a global perspective of where we think the two regions are, and
18 I'm not sure we can do that in a year or two years. It's going to take a lot of
19 work and harvesting a lot of information to get our arms around that. We
20 should not forget the value of what tele-work can do to the region, and once
21 you get the tools to work out of homes.

22 SENATOR PUCKETT: William, would you agree
23 that if we put too much of a limitation on what we're going to try to reach
24 here that no one may get a grant? And just go back to Southwest for
25 example. We've got a lot of deployment out there. If someone says you've

1 got to hook up 200 businesses or you're not going to get this money, we
2 might be in jeopardy. Now we've got opportunities to hook up maybe that
3 many businesses down the road because we're extending the network. When
4 you start a program like this it seems to me that if you put too many
5 limitations on it or too many numbers Staff might say, or maybe even the
6 applicant, don't know if we can do this or not. We've certainly got to make
7 an effort to do it, and I think that's what we've done in Southwest. Our
8 commitment has been to reach the entire region, and we'll not stop as long as
9 we have opportunities to do that. I'm a little concerned if we say you've got
10 to have 200 as a commitment, 200 hook-ups, or we're not going to consider
11 your application. In the Southwest we might not do it in Southwest.

12 MR. NOYES: I appreciate that, and I would
13 remind the Committee that it's a goal, and Staff doesn't decide what
14 applications are approved. We simply indicate with a Staff recommendation
15 that this application advances the Commission towards this goal. Your
16 outcome measure is the percent to which you achieve it. It doesn't mean that
17 an application would not be ultimately approved, that's not the Staff's role.

18 There are, getting back to what Senator Wampler said, there are
19 data sets, and we have the capability right now for Southside and not
20 Southwest, and that's coming, and I promise, where we can say that certain
21 coverages if funds are invested, and we're doing this right now, and we
22 looked at a presentation a week or so ago. That presentation was for Patrick
23 County, speaking about wireless technology, and it was going to cost X
24 number of dollars to do it, and we'd have 65 percent of the population, 82
25 percent of the businesses in Patrick County would have access to this

1 technology. We can develop those data sets if you want to have your
2 outcome measure based on the extent of coverage throughout Southside and
3 Southwest, and those data sets exist. It will cost a little money to get people
4 to put it together, but we could approach it on that basis. We could say five
5 percent increase per year in coverage of the entire geography, and that could
6 be an approach for outcome measure.

7 SENATOR RUFF: My concern is that if easy
8 pickings, Danville, how does the Staff weigh a proposal that is taking care of
9 ten businesses there versus a proposal that would take care of two businesses
10 in Lunenburg?

11 MR. NOYES: The Technology Committee has
12 taken the position that where Broadband is ubiquitous, and at this time those
13 are not going to be priority areas for their recommendations to the
14 Commission. They're going to look at it from the other direction, where is
15 there an absence of the access to Broadband.

16 SENATOR RUFF: Where does that say that in the
17 recommendation?

18 MR. NOYES: I think I said it in my note, that's
19 based on my discussions with the Chairman.

20 DELEGATE DUDLEY: We talked about the last
21 mile. Has the Commission made a decision on funding that?

22 MR. NOYES: I don't think there's a specific
23 decision that says yes, we're going to fund last mile. We're doing it all
24 along, and we've been doing last mile for some time in Southwest. We're
25 now running a pilot in Southside. The application is to be considered next

1 week. There are also a couple of applications from Southwest to be
2 considered next week. Those involve last mile deployment. There are still
3 some backbone pieces that need to be built, that's for sure. We're now
4 moving from almost exclusive emphasis on the big pipe to the last mile
5 deployment. I don't think it's ever been a stated policy that we're now going
6 to go forward with last mile.

7 DELEGATE DUDLEY: That's what you're saying
8 in effect, establishing a policy?

9 MR. NOYES: The Long Range Planning
10 Committee is giving direction to the other committees, that's part of your
11 function. That is to say, we expect certain goals, Technology Committee,
12 Education Committee, Agriculture Committee, attend to these broad
13 priorities. That's exactly right, and the budget process, too, follows this.

14 DELEGATE DUDLEY: I thought the purpose of
15 doing a pilot project was to evaluate that and see if we wanted to consider it.

16 MR. NOYES: Yes, sir, it is.

17 DELEGATE BYRON: My concern is that it's a
18 little bit premature, and maybe not. There are so many factors, answers that
19 we don't have yet, we're just beginning to develop in technology areas. I
20 don't know if that number hurts us or helps us in trying to find something.

21 MR. NOYES: The rule of thumb in developing
22 outcome measures or setting goals is to set them higher and see how you do,
23 and then you can modify them over time, based on what you've learned. The
24 1,000 number you see in the draft, that's not a value proposition for Staff.
25 This Committee sets it wherever they want to set it, and we see how we do

1 in relation to that. If we set it too low, then next year when we review
2 progress, you determine where to set it for the subsequent year.

3 MR. TIMBERLAKE: This is just an observation,
4 not a judgment. It seems to me the question you have before you is whether
5 or not to make an investment in the initial infrastructure in coverage and
6 access, versus sort of going that next step beyond that, which is the
7 connection which may lead to the operational costs of the business. I don't
8 know if that's how you intended it to be. I could be wrong, but that's my
9 observation, listening to the discussion here. The issue is access, it's not the
10 actual connection of business or the home, but it's the ability to make that
11 connection.

12 SENATOR PUCKETT: Dan made an important
13 point. It's not about counting numbers here. You've got to have access, or
14 you don't have any numbers to count. In Southwest, if we hadn't been
15 willing to take a chance in laying the fiber, we wouldn't be talking about
16 what's happening in Russell County or CGIMS and Northrup-Grumman,
17 they would be somewhere else. We couldn't count them. We have no
18 problems about them coming in. We knew our hope was in laying that
19 Broadband, hanging it on a pole, or whatever, to get where we're going. I
20 believe we're still committed all over the Southwest, we're still committed to
21 the last mile. We don't have any promises that anyone is going to hook up,
22 but we believe they will, because we believe we need this to be competitive.
23 The provider companies out there now haven't even scratched the surface,
24 because they don't believe there is enough money in it. If we started
25 counting too much, and I know we've got to measure what we do, the

1 measurements will come. We'll be able to provide the figures, once we lay
2 that fiber. When you lay the fiber it gives you access, and people will come,
3 and we're believers. I don't want to get hung up too much on counting.

4 MR. NOYES: This is where I thought we'd be
5 spending our time this afternoon in talking about this very important aspect.
6 How we do this is very important. What you say in relation to a goal is
7 going to drive the application process and the Commission's budgeting
8 process. We have to allocate funds in relation to where we set goals.

9 SENATOR WAMPLER: I don't disagree with
10 Neal, but I lean toward what Senator Puckett said. It's not just a function for
11 every dollar the Commission spends we generate X number of business
12 connections. One of the goals in Southwest was to improve the quality of
13 the service, let's get to the T1, and let's have the maximum take rates so that
14 we can get to that 85 percent level. I'm not sure as a Commission we need to
15 say that we want to favor the entity or the applicants that we have funded. As
16 a region, I think is what Senator Puckett said what we're trying to do. I
17 know Neal has to measure a snapshot in time, but it's like having an anchor
18 tenant. You've got to make it happen, and then the balance will follow. I'd
19 say that Bristol Virginia Utilities' take rate is as high as 60 percent in some
20 locations. That's a phenomenal take rate, and one size doesn't fit all. We
21 need a recommendation, but I'm not sure, and Senator Puckett says, I'm not
22 sure the application should be driven by whether we create 1,000 new jobs.
23 If we make the right decisions, jobs will follow, and connections will follow,
24 and our return on investment will be good. I think we're probably getting
25 too worked up on a thousand new business connections annually. Maybe we

1 should let Staff evaluate it and report to us, but it's just a snapshot, a time
2 and a measure of an event of that given year.

3 MR. FERGUSON: You expressed some concern
4 why I was here today, I think we're there. You all heard my concern when I
5 expressed it about the last mile deployment and the Commission funding
6 that. I won't repeat that. What I would say is that the extent that that is a
7 goal or potential goal of the Commission, as we look at this whole part, it
8 may be to go back to the rationale itself a little bit. I think if I understand the
9 rationale for funding the last mile deployment and talking not only to
10 industrial parks, also to small businesses and perhaps even to the home. The
11 rationale that makes that constitutionally acceptable would be that it creates
12 an environment and an attraction, if you will, for economic development
13 within those communities where that's available, whether it's at the school,
14 the home, small mom and pop businesses. So if you have a business that's
15 looking to relocate in Southwest Virginia, and they're looking at things that
16 make it desirable to be there, one of the things that they might look at is that
17 we've got Broadband access in virtually every home and every school and
18 business that's something we'd like our people to be able to enhance their
19 quality of life. Unless you have a rationale like that, I'd say I have
20 significant constitutional reservations about the appropriation of public
21 money for what some might consider a private endeavor.

22 Having said that, then, I think we need to perhaps go back as far
23 as the rationale piece itself. Certainly in the objectives someone mentioned
24 that the rationale, as part of the Technology Initiative, the last mile as we call
25 it, is to create an attractive business relocation site for economic

1 development in order to bring businesses into those communities. Then that
2 gives you the basis if the Commission decides now or later to fund the last
3 mile or fund it in some way, or partially, or however it might be done, then
4 at least there is a documented deliberative process that has gotten you to that
5 point.

6 MR. NOYES: Does the third objective in this
7 section support deployment of optical fiber and wireless technologies
8 capable of serving business, community institutions, and citizen needs
9 throughout the Commission's service area, does that not go far enough?

10 MR. FERGUSON: That may be the objective, but
11 I really think the rationale --

12 MR. NOYES: -- To incorporate that language?

13 MR. FERGUSON: Is the rationale the reason for
14 full deployment of Broadband fiber optic network is multi-tiered. It's one to
15 provide the access for the region generally through the backbone, to enhance
16 economic development at another level because you've got the industrial
17 parks wired. But at a different level, if you're going to decide to bring it to
18 the homes, to the mom's and pop's and so forth, then the rationale for that I
19 think, and maybe there are others, is that it becomes an attractive lifestyle or
20 a magnet or something that you can point to when you're trying to attract
21 new businesses, businesses that relocate or business expansion, and enhance
22 employment in the area by having that as something that other communities
23 might not be able to offer.

24 SENATOR WAMPLER: I don't know that I agree
25 with the Office of the Attorney General on this matter. I can come up pretty

1 easily where we used public funds to deliver services in general to the
2 public. In that case, yes, Frank, it's a home. How do you think the electricity
3 jumps off the lines or the boxes to the house? The record in one of these
4 meetings would show when I used that analogy, and then many times we
5 used public monies to help with that. The Universal Service Fund that's
6 created that all consumers pay into, that's the same form. I think we've
7 covered it in our objectives and strategies. Whether it's last mile to the home
8 or for the purposes of businesses or whether it allows them to do e-
9 commerce, we have met not only what I believe is constitutional by charge
10 of the statute. I don't think we ought to spend a whole lot of time on that.

11 MR. FERGUSON: I understand, Senator, but I felt
12 obligated to restate my concern about that. I thought also this was an
13 opportunity to help build a record to support what you're saying. I'm here as
14 a legal advisor and not as a policy maker, so I'm done.

15 SENATOR WAMPLER: I'm very serious about
16 that, and I want to enter that into the record. I think it's more troublesome,
17 and I think we've covered it, and the statute is very clear that it is our job to
18 revitalize the economy, whether with fiber optics, whether it's a water pump
19 or sewer pump or access road or a for-profit venture in an industrial park. I
20 think it's the same analogy as trying to do the last mile application, whether
21 it's by wire or wireless methodologies. I think we've covered it. I think the
22 only thing we have to decide is how we're going to measure it. I don't think
23 it should be an absolute. It can be a snapshot of where we are and how we're
24 proceeding.

25 SENATOR RUFF: In the past Southwest and

1 Southside have looked at these issues a little different, and I'll stay away
2 from the Southwest part. It seems like to me that it would be a more rational
3 way of evaluating it is to find out how much the region in Southside is
4 covered by independent providers, not the specific businesses but the total
5 acreage or the total percentage of the counties covered, rather than a number
6 that may drive things to the more populated parts of Southside rather than
7 the least populated parts.

8 DELEGATE BYRON: You were talking about
9 percentages, is that what you're talking about?

10 SENATOR RUFF: Yes, I believe the number of
11 providers that we have and how much of the actual Southside region is
12 covered.

13 MR. NOYES: We can have an outcome measure.
14 Wasn't that sort of what you were saying we wanted everywhere?

15 SENATOR PUCKETT: That's our commitment to
16 Southwest. We know Southwest and Southside issues are a little different.
17 It's a much broader area in Southside, and we're more close knit in
18 Southwest; although we're separated by a lot of things in Southwest, we're
19 pretty close knit in our commitment to the region. I personally, off the
20 record.

21 We don't do everything right in Southwest but one of our
22 commitments, I think, is to try to make sure that we don't leave anyone
23 behind in Southwest. Some people in Southwest might say you're not doing
24 enough for us. The number one single issue that we're trying to cover is this
25 backbone, and we're trying to see that everyone has a piece of the action. In

1 my own work environment, in five years or less if you don't have some kind
2 of connection you're probably not going to be able to deal with the bank.
3 You're going to have to be able to go on-line and do these things, because it's
4 changing. If you don't think it's changing take a look at your kids, this
5 younger generation that's coming up. All they do, if they can't get to a PC or
6 the Internet or something they don't know how to operate. We've got to
7 make that available. We've got to make sure that everyone that wants it has
8 access. I'm not too concerned about myself, I think I can survive the rest of
9 my life without a computer, but my kids aren't. That's our commitment in
10 Southwest. Everyone that wants a piece of this action, we're going to try to
11 get it. We've got counties in Southwest that believe that, and they're out on
12 their own. Dickinson County, a wireless network. I think you've got to keep
13 that in mind.

14 DELEGATE BYRON: I would like to say, and
15 other people have their own opinions, I think we've demonstrated that
16 technology and fiber has been a tremendous priority for the Tobacco
17 Commission, and continues to be so.

18 We also recognize that Southside and Southwest have taken
19 different approaches to things. They have different areas and different
20 challenges than Southside, and vice-versa. The difference, that's one of the
21 reasons we've separated a lot of the objectives all along. What about
22 saturation, talking about what we're referring to really is the saturation of our
23 area, basically. That's basically the goal to make sure that we can have these
24 things available in our area.

25 MR. NOYES: Well, the recommendation, you

1 would have a figure for a goal, overall goal that would be achievable for the
2 total area in order to increase the service area. If it's five percent, a
3 measurable fact. I don't know if we can hit five percent a year, it could get
4 pretty expensive, but I can wordsmith that in terms of approach. We want
5 Broadband to be ubiquitous, our expectation is that it would be affordable.
6 We're going to look at it in terms of increasing the geography served five
7 percent year-over-year.

8 SENATOR PUCKETT: I don't have any problem
9 with that.

10 MR. NOYES: Does that satisfy everybody's
11 concern? To do that, it's going to be, it's easier to do that with wireless,
12 because the different technologies allow you to serve nearly a hundred miles
13 per tower. It works out to something like 87 square miles.

14 SENATOR PUCKETT: Except in Southwest.

15 MR. NOYES: My point is that wireless is always
16 going to be cheaper to do than direct fiber to the premises. Five percent may
17 be ambitious, it does not prejudice decisions on which technology to use.
18 That's up to the Committee. Five percent is pretty ambitious if we think
19 we're going to have enough money. I've seen early consensus that there's
20 going to be a mixture. Some situations, the fiber to a particular location is
21 the only appropriate way to go, rather than wireless, like hospitals, you can't
22 use wireless in hospitals, people's lives depend on it, but you can use it in
23 other situations where it's entirely appropriate in other situations. There's a
24 growing consensus there's always going to be a mix until we get this thing
25 done.

1 DELEGATE BYRON: Does anyone disagree with
2 the change of measurement? Then let's move on.

3 MR. NOYES: Back to our friends, the educational
4 gap here, and that's not the only thing we could use. Staff made a point in
5 the parenthetical, simply counting the number of scholarships doesn't really
6 tell us much, unless you want to say we're going to increase the number of
7 scholarships over a period of time. We do have the issue of certain critical
8 gaps where the unanticipated outcome of some of the Commission's
9 previous investments may be from wage inflation because the demand for
10 certain skill sets is growing faster than the institutions are supplying people
11 with those skills. That's kind of a problem if you have wage inflation,
12 maybe it's a good problem to have. When you talk about the IT area in
13 Southwest Virginia, there needs to be a big push to provide vocational
14 training so we can meet the existing demand. There is a gap, and the
15 Commission can step in and fill that gap. That's the thinking behind filling
16 these gaps.

17 Staff has provided to each of you a list of Southside and
18 Southwest Dr. Chmura's data shows, and what those gaps are. In no way are
19 you bound to select off of these things. You all know where the gaps are in
20 your areas, if you want to select some, go find the data set, and we'll be able
21 to measure reduction over time. I might note in the Governor's review goals
22 and outcome measures for all the state agencies in the commerce and trade
23 secretariat, I saw it yesterday afternoon when I was going through my e-
24 mails. The e-mail makes the point you don't have to do things on an annual
25 basis, it's fine to measure things over time. Some things it makes more sense

1 to look at them over time, and by the time you put money in place and get
2 something up and running a year may have gone by, and you will have no
3 accomplishments. Those sorts of things we need to look at on a longitudinal
4 basis, or longer period of time. We don't need to do things always as a
5 snapshot.

6 DELEGATE BYRON: We must have had some
7 measures in place that we used in the past for these areas, have we not?

8 MR. PFOHL: We have some fairly standard grant
9 reports all grantees are required to submit, and we've already spoken about
10 that here, that we need to adjust that to reflect measures that you direct us to
11 do to tally from our grantees. Someone that has an Education grant or the
12 grantee will have a specific measurement. We ask them from applications to
13 grant reports to report to us. If it's Technology, there's another specific
14 thing. Right now they have been fairly general measurements as to how
15 many people have you served in the region, how many dollars have we
16 leveraged from other sources, et cetera. It's a little apples and oranges when
17 you go into an industrial park and you measure there versus an educational
18 project versus the Broadband project. Having some specific measures by
19 program will be helpful.

20 DELEGATE BYRON: Do we want to measure
21 jobs versus other things?

22 SENATOR RUFF: I guess I look at it slightly
23 different. I guess when we evaluate a program on Education, and say a GED
24 program, we look historically what percentages of people don't have a GED,
25 and that's more of a driving force than what we've accomplished. If you

1 look at a goal, the goal would be how many people entered the GED
2 program and how many came out with a better job than they had when they
3 went into the program.

4 MR. NOYES: Do we expect our grantees or the
5 two-year or four-year institutions to track the students? The Staff doesn't
6 have any way now of tracking the students. We'd have to ask the
7 community colleges and other people to do it.

8 SENATOR PUCKETT: I think we've heard
9 Rachel say that over and over, can't track them at the Higher Ed Center.
10 That's just a tough job. We don't have the resources to do it. If they don't
11 cooperate with you, don't tell you where they're working, you're pretty much
12 out of luck.

13 MR. NOYES: There are not Staff resources.

14 SENATOR PUCKETT: I don't know of anyone
15 that has the resources, but Rachel has tried to track some of these things, and
16 it's impossible.

17 SENATOR RUFF: But you can track the people
18 that started and graduated from it.

19 MR. PFOHL: There are some repeat applicants
20 that might want GED programs, and we're going to say if you want to keep
21 coming back to us for the second or third year of funding, you have a track
22 record of people that have been through your program, and we'll ask you to
23 start contacting those people and surveying them and find out, did you find a
24 job or a better job, how does it affect your income. Make that for the people
25 that are coming back in the door for the second or third round of funding to

1 take on that task themselves and tell us if we're having the intended effect on
2 the participants.

3 MR. NOYES: I've had a lot of experience over the
4 years with trying to do this sort of tracking at the federal level and in the
5 industrial park, and in year three or year six or year nine you're requiring a
6 GPRA. About year six the people you did business with when you did the
7 project, they've moved on some place else, and there's no ownership of that
8 process by the people that have replaced them. There's a big difference in
9 terms of five or six years in terms of the data you get.

10 SENATOR PUCKETT: I think Frank is right. I
11 think the GED program has probably been the most successful in tracking
12 people. When you bring them in the program and they get through, you
13 know what they've done. We don't see that in these other programs and
14 don't know when they're finished. We do with their GED. Our GED people,
15 I know the people in the Southwest like to tell you how successful they've
16 been, because it's easy for them. They can do it.

17 MR. NOYES: Setting goals and having outcome
18 measures presupposes that you're going to do something different over time,
19 that you're going to increase the effectiveness of something, not just track it
20 and report a number. We can tell you how many scholarships were done,
21 but we can't tell you at this point how many of those people have better jobs
22 or whether they got better jobs in the Commonwealth of Virginia, or in
23 Kentucky or Kansas.

24 DELEGATE BYRON: Is there a repayment
25 requirement?

1 MR. NOYES: We're talking about that tomorrow
2 morning at nine o'clock.

3 DELEGATE BYRON: If that's the case, then
4 maybe that would be trackable. Getting the GED's is one thing, and
5 workforce training of course, those programs have a beginning and end,
6 generally, you can track something there. You're referring to this
7 educational gap, I don't know if the Education Department zeroes in on those
8 particulars.

9 MR. NOYES: That drives the Staff review and the
10 decision-making process of the Committee that makes recommendations to
11 the Commission on grants to be awarded. That's what the Long Range Plan
12 Committee does. They're saying for Southwest there's an average annual
13 gap of 228 food preparation and serving related jobs in Southwest Virginia
14 in tobacco eligible counties, and the Commission, when it's time to apply for
15 funding, says this is what we're looking for. That's how we advertise it.
16 People who are prepared to address the Commission's issue submit
17 applications. The Staff reports to the Education Committee, did you get any
18 applications for food preparation and serving related jobs. That's just
19 examples at the top of the list.

20 DELEGATE BYRON: We're not responsible for
21 the tracking mechanism, we're just putting the goal out there.

22 MR. NOYES: I may be responsible for it.

23 MR. ARTHUR: Senator Ruff, when we set up the
24 scholarship funds way back when, wasn't part of the deal when we granted
25 the scholarships when they finished they'd pay us back, if they stayed one

1 year and worked in our area, that would be one thing. What you're telling
2 me now is that we're making a scholarship grant, period, and we can't track
3 them.

4 SENATOR RUFF: Well, the answer, Southwest,
5 it's a straight scholarship. In Southside we're trying to make it a forgivable
6 loan. We do not have a mechanism for tracking or getting the money back.
7 We're doing some tracking, but it's not very efficient or very effective.

8 MR. ARTHUR: Are we getting anyone to pay us
9 back?

10 SENATOR RUFF: Yes, we're looking at a
11 different way of doing it. It's a learning process.

12 MR. ARTHUR: That's a change of policy from
13 what I thought it was.

14 SENATOR RUFF: There's no change in policy,
15 it's just that we don't have the resources to collect it unless we change the
16 way we do business.

17 DELEGATE BYRON: Do we have any other
18 projections for this educational gap, recommendations involving this?

19 MR. NOYES: Do we want to look at whether an
20 individual who completes one of the programs that the Commission is
21 providing funding for moves on with their education to a better job, or
22 something like that? Is that something that matters to us? Do we want to try
23 to track that? Some of the programs the Education Committee has
24 recommended to the Commission do a marvelous job of moving someone
25 directly from GED to the community college, and then from the community

1 college a certain percentage go on to a four-year degree. That's something
2 we can try to develop measures for, working with the community colleges
3 and our GED program, our four-year institutions. Is that something this
4 Committee would like to do?

5 SENATOR RUFF: That would be a fairly easy
6 way to follow up, because community colleges are pretty proud when they
7 take someone through that process. I don't think it's a valid argument as who
8 we get on the payroll or if they improve and get a better job. Is that a
9 measurement?

10 MR. NOYES: There is nothing that says that this
11 Committee may not direct Staff to change the outcome measures and the
12 goals next year. We might find out that we cannot provide the information
13 that you asked us to get or require resources beyond the Commission's limits
14 and ability to supply them to do something like that. In that event we go to
15 plan B. We need to start with something and give it a chance for some
16 period of time.

17 SENATOR RUFF: As a starting point, measure
18 those one year out from the GED and whether they get a job or continue
19 their education.

20 DELEGATE BYRON: Is that what we're doing
21 here?

22 MR. NOYES: We're looking for an outcome
23 measure.

24 SENATOR RUFF: That's a goal if you get your
25 GED, right?

1 MR. NOYES: We can provide resources to help
2 folks get the GED's, and we have no ability to influence whether they're
3 employed 12 months after they get the GED. We can measure it, but we
4 can't then improve it.

5 DELEGATE BYRON: We're really not talking
6 about any workforce training that would specifically deal with job-related
7 training.

8 DELEGATE DUDLEY: I think sometimes we
9 have to work, everything I have read over the last decade or longer says that
10 someone that doesn't have a high-school education should go back and get
11 their GED. Should they go back and get the GED?

12 MR. NOYES: We can count how many people
13 that benefit from mission investments in terms of getting their GED.

14 DELEGATE DUDLEY: That in itself is reaching
15 the goal. You've obtained something that the whole world thinks is good for
16 you. Going beyond that accomplishes what?

17 MR. NOYES: It's an observation, we can count
18 that. It's measuring how many people enter the program and that complete
19 it. There's a difference in measuring something and simply counting. How
20 many people enter the program, and how many successfully complete the
21 requirements for a GED.

22 MR. TIMBERLAKE: There's information about
23 these credentials, the academic credentials that we are supporting people to
24 achieve the GED through the community college and associate's degrees and
25 certificates and bachelor's degrees and graduate degrees, work place

1 certifications, et cetera, the career readiness certificate. We could have a
2 survey of what credentials were provided by the grantees in the course of the
3 year. It could be any of those for accreditation. We could do that.

4 MR. NOYES: It doesn't have to be GED, it could
5 be across the entire spectrum that we support.

6 MR. TIMBERLAKE: One of the things we talked
7 about was industry certification. That carries with it an expectation of
8 improvement and improved earnings, just like licensed practical nurses, and
9 there are other certifications, for example, the CISCO certification, for
10 example.

11 MR. NOYES: The goal is a hundred percent? A
12 hundred percent of everyone that enters the program, that's our goal. The
13 outcome measure is the percentage of enrollees that complete the program.

14 DELEGATE BYRON: And we need the data for
15 those that have completed that successfully.

16 MR. NOYES: The Staff will put some language
17 together for everyone that enrolls.

18 MS. WASS: The idea of the gap, you're actually
19 educating people in the fields that are in demand. You could put people
20 through various programs and have them complete it successfully, but if
21 there is no job for them, what have you accomplished? The idea of looking
22 at the gap, the educational gap, is looking at what is in demand and where
23 they're applying, and what programs or what fields do we offer to fill the
24 gap.

25 DELEGATE DUDLEY: I think that's a valid

1 point. I'm not that concerned that we have a, we're supposed to be talking
2 about revitalizing the economy.

3 MS. WASS: Right, you're going to hire certain
4 people. You want to pick certain ones, such as registered nurses and school
5 teachers and home health care people. We may not be interested in funding
6 certain programs.

7 DELEGATE BYRON: Technology, or in
8 Southside you can classify certain industries.

9 MR. NOYES: Computer and mathematics, you can
10 do this in broad categories, a data set that allows you to do that. It shows
11 here for Southwest there's an 85 person annual gap for ten years, 85 per year
12 for 10 years. That includes the CGIE.

13 MR. TIMBERLAKE: I think the measure is going
14 to take care of itself if you focus the scholarships correctly. Are the
15 scholarships directed toward where there are existing gaps, or are they for
16 anything?

17 MR. NOYES: Anything.

18 MR. TIMBERLAKE: Then should the
19 scholarships be given to the areas where there are gaps?

20 MR. NOYES: I'm not going to ask that question.
21 There is a long history of that question being asked.

22 MR. TIMBERLAKE: I know there was a point
23 where I should have stopped, but I'm not sure where it was.

24 MR. FERGUSON: I can advise you on that later.

25 MR. TIMBERLAKE: The only reason I raise that

1 is the teachers scholarship program where you only provide to the critical
2 shortages.

3 DELEGATE BYRON: How do you define gaps?
4 How does that relate to revitalization? Are you saying the number is.

5 MR. NOYES: It doesn't matter, it could be one.
6 You can decide on one, or anything, but the point is we want to reduce it, it's
7 a priority-setting thing. Senator Wampler mentioned sometime ago we had a
8 problem with the IT things, and that's one. In Southside it could be certain
9 types of manufacturing.

10 DELEGATE DUDLEY: Madam Chairman, I
11 would note that we're ten long and short, the next ten years in Southside.

12 DELEGATE BYRON: Are you still with us,
13 Senator Wampler?

14 SENATOR WAMPLER: Yes.

15 DELEGATE DUDLEY: Madam Chairman, I
16 think this is the type of information that would be good in the Staff analysis,
17 and if the Committee members have that knowledge there, if they spend
18 200,000 to train waiters we have a need for waiters, and then you make a
19 policy decision that that's something that you want to put your money
20 behind, to me it looks like a tool for the Staff to use in assisting or in making
21 decisions and really a goal.

22 MR. NOYES: Are we back to the number of folks
23 that entered one of our educational programs and complete the programs?
24 We can put together a goal of 100 percent, and the outcome measure is what
25 we find out from our grantees. We ask our grantees to provide us that

1 information.

2 DELEGATE BYRON: Should that be a given
3 goal? I'm sure we'd want to see a hundred percent completion of anything
4 like that. Maybe somewhere else would take it further than that.

5 SENATOR RUFF: Further than a hundred
6 percent?

7 DELEGATE BYRON: No, in clarifying
8 specifically. I do think we want to leave it broad enough to be able to come
9 back and change it later on or put it in a specific committee that's dealing
10 with grants.

11 DELEGATE DUDLEY: I'm not a hundred percent
12 convinced that the public school system fails 30 percent of the students, and
13 of the 30 percent we're supposed to be successful with a hundred percent.

14 DELEGATE BYRON: Your goal should be high.

15 DELEGATE DUDLEY: I'm not sure 30 percent
16 of the public school system fails and then make them all 100 percent
17 successful.

18 DELEGATE BYRON: We're not teaching in the
19 public school system, but we're teaching people that are mature and going
20 back to school.

21 MR. NOYES: We'll put together some language
22 that the successful completion across all our programs, a hundred percent is
23 the goal.

24 MR. STEPHENSON: We certainly can, I'd have
25 to think through the trackability of that.

1 MR. NOYES: How the tracking is going forward,
2 simply have that as part of the application, or require that as part of the
3 application when they sign the agreement, they agree to tell us that.

4 MR. STEPHENSON: Noted.

5 DELEGATE BYRON: All right, moving along.

6 DELEGATE DUDLEY: When you talk about
7 these classes, you invariably find some that are there because the judge told
8 them to come and continue long enough, or else they'll send them back.

9 DELEGATE BYRON: We don't have any control
10 over that? That doesn't mean we shouldn't have a goal, though. If you think
11 differently, that's what the discussion is all about.

12 MR. TIMBERLAKE: On behalf of the Staff I
13 offer this. Is it important to track all the participants, or would it be more
14 beneficial to select a sub-set, at least at the outset, that will be readily
15 tracked, because I think from what I hear in this discussion there maybe a bit
16 of a difficulty in tracking all the participants on scholarships in all of the
17 areas. There may be different benchmarks. I offer this for your
18 consideration, whether you want to narrow that to something that is
19 measurable, using some existing criteria rather than the Staff having to
20 create criteria to apply to something that does not have a point of
21 measurement as to whether it was successful. Does that make sense to
22 anyone?

23 DELEGATE BYRON: This is a tough one. I like
24 the idea of going back and reducing the gap, a specific gap relative to the
25 needs of the region.

1 Mr. Arthur, do you have anything?

2 MR. ARTHUR: No, I think the horse is going to
3 be beaten to death, the horse died.

4 DELEGATE BYRON: We'll let the Staff work on
5 that.

6 MR. NOYES: The next one is a bit easier. One
7 hundred million dollars of private sector capital investment committed
8 annually. The Staff can refer to you what we hear from our TROF
9 applicants or from our Agriculture folks, all of those folks in terms of private
10 sector capital investment. They can tell you whether we hit a hundred
11 million or whether we hit six hundred twenty-two million.

12 SENATOR RUFF: I think that's great. That's an
13 easy one to measure.

14 MR. STEPHENSON: Madam Chairman and Mr.
15 Director, are we wed to the 100 million dollar figure?

16 MR. NOYES: That's up to the Committee, where
17 do you want to set that bar? How much money is the Commission going to
18 invest this year, Stephanie?

19 MS. WASS: Four million five.

20 MR. NOYES: That's TROF.

21 MS. WASS: Six and a half is Special Projects, one
22 and a half is --

23 MR. NOYES: -- We're talking 14 or 15 million,
24 75 million? I think in the first round we should set a target, and we'll see
25 what the outcome is a year from now. Staff will report to you, and we'll see

1 where the adjustment is needed.

2 MR. STEPHENSON: A hundred million is the
3 target for that purpose.

4 SENATOR WAMPLER: A hundred million
5 sounds like a good threshold to try to obtain. I don't want Staff to say this is
6 what must drive every application, it's a goal. It's something, though, that if
7 we find a project, or we put up a hundred thousand dollars and the applicant
8 fifty thousand, if it makes sense we ought to do the project. I want to make
9 sure that every application that comes forward is not measured by are we
10 going to meet a hundred million. I hope that makes sense.

11 MR. NOYES: We'll have a summary report at the
12 end of the year.

13 SENATOR RUFF: Madam Chairman, is Senator
14 Wampler saying that if the Staff gets a hundred million dollar investment,
15 they can't take the rest of the year off?

16 SENATOR WAMPLER: That's so funny.

17 DELEGATE BYRON: That was fairly easy.

18 MR. NOYES: The next one is the same situation.
19 Regional Development Capacity. Set a goal of some number of new jobs
20 annually, and we'll see what the outcome is and see how we do in relation to
21 that goal. It's easy to measure.

22 DELEGATE BYRON: What's the three thousand
23 figure?

24 MR. NOYES: It was late at night, probably. If we
25 reported three thousand new private sector jobs year-in and year-out in

1 Southside and Southwest, we are on track.

2 DELEGATE DUDLEY: If we spend a hundred
3 million and can't get three thousand we're way off track and something is
4 wrong.

5 SENATOR RUFF: Should there be any goal of
6 jobs retained?

7 MR. NOYES: That's so cyclical in terms of
8 different industry sectors, and if automotive goes down, it's going to go
9 down hard in Southwest. It's not going to bother Southside so much, and
10 there's not much we can do about those large business cycles, other than on
11 the other hand when times are good. I don't know that the Commission has
12 any of its programs that are specifically geared to retained employment.
13 Most of what we do now is looking at new employment.

14 SENATOR RUFF: I'm going to raise that, because
15 part of the selling point of the ABB project was to retain those jobs.

16 MR. NOYES: Let's say new or retained, and it's
17 important when we do that, and it's very important to ABB. We had some
18 new employment.

19 SENATOR RUFF: I just throw that out.

20 MR. NOYES: I think it's perfectly reasonable.

21 SENATOR PUCKETT: I think it's reasonable and
22 important, because it's also sends a message that we're interested in retaining
23 jobs. When you refer to Alcoa jobs in Russell County, a couple of years ago
24 we didn't have a policy on that, but we agreed to change to try to save jobs,
25 and we saved 180 of the best jobs we have in Southwest. Alcoa had already

1 announced they were leaving. I think it sends a strong message that we're
2 interested in keeping jobs and existing businesses, and we tried to make that
3 a part of our program of what we're doing in Southwest. It's much easier to
4 try to keep an industry than to try to find one. We want our industries to
5 know that we're willing to help if they've got a problem. We want to know
6 about it up front, if we can help you we will, and I think that's a good
7 measure.

8 MR. TIMBERLAKE: I was going to ask a
9 question whether you wanted to separate the numbers. Measuring new is
10 easier. There are lots of reasons for someone to say they're thinking about
11 leaving.

12 MR. ARTHUR: And they'll blackmail you, too,
13 and I've seen that.

14 SENATOR PUCKETT: Alcoa was obviously
15 different, they were gone.

16 MR. ARTHUR: The one I'm talking about was in
17 your area.

18 MR. NOYES: We can get technical and require
19 that there be an award certificate where if an industry with say 50 jobs or
20 more and they make a decision to leave that they have to notify the state. I
21 think your point is well taken. I'd say 3,000 new and retained, let's beat it by
22 100 percent. Next year we'll move on to 5,000.

23 DELEGATE BYRON: Do you have any problem
24 putting that in there? Allan, do you agree with that?

25 DELEGATE DUDLEY: Yes.

1 DELEGATE BYRON: All right, let's move on.
2 Let's look at the general funding policies, then we can go back to the others.

3 MR. NOYES: There are more listed here than
4 were in the previous version. In our June meeting we discussed the others,
5 and we're happy to delete those that you want to.

6 DELEGATE BYRON: Some of them help clarify.

7 MR. NOYES: Some of these directly help the
8 Staff.

9 MR. ARTHUR: We modified some of those. We
10 talked about the operating costs, except in the first year, and we've done that.
11 We have a precedent of having done that.

12 MR. NOYES: That's on me, I didn't include that.

13 MR. ARTHUR: You weren't here then.

14 MR. NOYES: If we put that in there, are we
15 going to get asked for operation costs for every grant?

16 MR. ARTHUR: We've turned down a lot of
17 operating costs applications, and that is a fact. An example was the Institute.
18 We paid a million dollars for the first year's operating expenses at the
19 Institute.

20 MR. NOYES: We've done some with the
21 Broadband programs.

22 DELEGATE BYRON: What about ongoing?

23 MR. ARTHUR: We don't do that.

24 MR. FERGUSON: Commission funds for
25 operational costs are generally disfavored. We had an option of doing it

1 under certain circumstances, it's not something you normally do.

2 MR. NOYES: Do you have that, Ned?

3 MR. STEPHENSON: I'm not sure it's any
4 different than what is printed, as much these are guidelines the Commission
5 or the Committee can act on if they want to, and they have in the past. I feel
6 certain they will in the future. The word is should not, it does not say will
7 not.

8 MR. NOYES: This never says never, I promise
9 you.

10 DELEGATE BYRON: Then we'll leave it alone.
11 Does anyone have any problem with that?

12 MR. NOYES: There is nothing on that next one.

13 SENATOR WAMPLER: These are policies, or I
14 might say guidelines. When you talk about retail development I happen to
15 agree with that, but if you go back to what Senator Puckett said about the
16 analogy of our fiber optics as an anchor tenant, I think you have to look at
17 the overall scope of what the application will do for the region. If you have
18 an infrastructure part of the deal if it's water or sewer, and it happens to
19 benefit a drop-off point could be a retail establishment. I would agree it
20 shouldn't be for the sole purpose, but if it has a greater and broader
21 application we have to consider these on a case-by-case basis. I can think of
22 two or three cases where we've done that before. I'm not sure we can write
23 the guidelines to save ourselves from ourselves all the time. Again, it's
24 guidelines and policy, generally, I agree with them.

25 DELEGATE BYRON: You're not offering to

1 change it.

2 SENATOR WAMPLER: I think Staff has
3 captured what the priorities should be. There are always exceptions to that,
4 and I say that with the utmost respect, not only for the sitting members of the
5 Committee, but for the future members that will be sitting. We may not be
6 able to envision what might happen four or five or six years down the road.

7 DELEGATE BYRON: Does everyone agree with
8 the general funding policies?

9 SENATOR RUFF: Let me ask a question about
10 project administration. I'm sure it will come up again. The planning
11 commission frequently handles the administrative things, and they don't get
12 any money. Their policy is they get paid by the percentage of the project for
13 the administrative costs. Are we running into a situation where we're going
14 to have the planning commission administrate something and do it out of the
15 goodness of their heart? If that's the case, will they continue to do it?

16 MR. NOYES: I can tell you what I hear from
17 some of the members of this Committee and from other commissioners is
18 that we're providing money for some activity, some construction or some
19 facility benefiting the residents of a particular county or city to help the
20 planning district commission. I'm not saying I agree with that, but that's
21 what I hear. With the federal dollars we required there'd be some money for
22 project administration. For every construction project we did there was a
23 requirement, not a big percentage. I know the Block Grant Program
24 administered by the Department of Housing and Community Development,
25 at least it used to have a settlement set percentage for project administration.

1 We're the odd man out, and we're saying under no circumstances are we
2 going to allow it.

3 DELEGATE BYRON: That's not following the
4 same guidelines we were referring to about operational costs.

5 MR. ARTHUR: Should not.

6 SENATOR PUCKETT: I think, Frank, that issue
7 there, for our project that cannot be successful without somebody owning
8 them. In our two planning districts I think I can speak for the Mount Rogers
9 Planning District. They have been helpful to us, but they also have been
10 involved in some of the process and gotten paid that way, rather than by
11 taking a percentage. I think you have to have a piece of the action here for
12 people that are willing to put their resources in.

13 SENATOR RUFF: How do they get paid in the
14 process if it's not administrative?

15 SENATOR PUCKETT: They would have some
16 kind of funding that might come from the local board of supervisors, be
17 participating in that project to benefit the county. It might come through the
18 state, or something like that. They're just the arm that helps keep, like
19 putting in fiber, but I don't think you should get lost in the fact that we ought
20 to be asking those people to use resources and not be able to recoup that in
21 some way.

22 SENATOR RUFF: I'm concerned that if the
23 planning districts are getting paid by a percentage of the administration
24 costs, that's one way of doing it, I'm not sure how that process works and
25 what entities are out there. Would you explain to me, but if the planning

1 commission says we're not going to administrate it, and you all take care of
2 it, in a town like Boynton with 600 people and a part-time mayor and a clerk
3 that works in the office, there is nobody to administrate anything; it's more
4 likely to get done improperly.

5 SENATOR PUCKETT: That's an easy answer.
6 Find somebody to administer that and pay for it. I think that's allowable, and
7 it's not prohibited. You've got to have someone that's willing to oversee
8 what's happening. It's not fair to expect them to do that for nothing. They've
9 got to have something. It's to our advantage to have someone do that, even
10 if we have to pay a little administrative costs. I don't think the guideline
11 ought to prohibit that, and I don't think it does. I think it gives us some
12 discretion.

13 SENATOR RUFF: Does the Staff agree with that
14 interpretation, and how would you decide if someone needs something for
15 administration?

16 MR. ARTHUR: Didn't we just do the same thing
17 with operating HUD funds? It says should not.

18 SENATOR RUFF: I'm not sure what the purpose
19 of having a policy is, if we are going to say carte blanche ignore them.
20 What's the dividing line between ignoring it and following them to the T?

21 SENATOR PUCKETT: The example you gave
22 with the Town of Boynton. If you hold them to the T you don't have
23 anything, you don't get anything done, unless you want to work for nothing,
24 and most folks don't work for nothing.

25 MR. STEPHENSON: I think that these guidelines

1 that we are discussing and that we are asking you all to consider are
2 guidelines that aid the Staff in shaping Staff recommendations on grants that
3 come before you. That's as far as it goes. It helps us to shape those
4 recommendations. Clearly, there have been times when the Staff would
5 recommend something different from what you're seeing here. You may
6 choose to do something different from what you see here, but if we don't
7 have some benchmark by which to form these recommendations, we're
8 exposed to tremendous acrimony among our grantees about who is getting
9 what and who is getting what money and who is not. This is helpful to Staff
10 in shaping what we put before you.

11 Senator Ruff, you're saying a Boynton type deal, I think the
12 Staff would be quick to say that we need to administer this if we want to get
13 it done.

14 SENATOR RUFF: If you're not going to give
15 administrative money to the planning district, the planning district says,
16 instead of us doing this, then we'll just let the town do it. Is that better
17 public policy? You get into the same point. I'm not sure you achieve
18 anything differently.

19 SENATOR WAMPLER: Frank, I would agree
20 with you that in certain cases it makes sense for the planning districts to be
21 the lead applicants, and if it's a loss leader to them, or if they've got to spend
22 more time than they probably care to or have time available, we probably
23 should add a little kicker for compensation. General funding has been pretty
24 sweet to the planning district commissions over the last couple of years, so
25 that the Tobacco Commission is neither a first or last resource. Just a

1 friendly suggestion.

2 SENATOR RUFF: I'm trying to understand when
3 I get grief about this how to respond, that's all.

4 MR. NOYES: Every one of the planning district
5 commissions in Southwest and Southside receives funding from the U. S.
6 Department of Commerce, with the exception of the Piedmont one, and
7 they're getting ready to come back. Every one of those applications for 25
8 years said provide technical assistance and support to area localities, and we
9 said, fine, we'll give you money.

10 MR. PFOHL: Madam Chair, to try to bring some
11 perspective when these issues have come up in the past. Neal mentioned
12 some of these other federal programs, and they have set percentages that are
13 a maximum allowable percentage of project costs to be used for
14 administration. That could be 15 or 20 percent to include indirect costs, 30,
15 40 and even 50 percent or more on projects. This is an effort by Staff to
16 realize that planning districts have several sources of funds, like U. S.
17 Department of Commerce and Housing and Development and local
18 government contributions. If we set a percentage of allowable project
19 administration fees and/or indirect costs, we'll be seeing 30, 40 or 50 percent
20 of each grant disappear before anything goes into the actual construction and
21 operation of the project. We're trying to keep as many of the grant dollars
22 focused on the specific project outcome as possible.

23 DELEGATE BYRON: We're using these tools to
24 work with because they know how difficult the job is, they're presenting
25 these things for us to look at so it does give you some tools to work with by

1 putting that in there. I don't see where it does any harm, or if anything I
2 think it helps.

3 Anything else?

4 SENATOR RUFF: That's my case.

5 MR. NOYES: It's clear that Staff needs to revisit
6 the goals and outcome measures. If we can get a motion concerning the
7 funding policy and general funding policies, then the Staff would like the
8 opportunity to sit down with the Committee very briefly at our full
9 Commission meeting, like November 8th. We could schedule, we would
10 discuss those changes in the goals and outcome measures, if it please the
11 Chair.

12 DELEGATE BYRON: Do I have a motion on the
13 general funding policies?

14 MR. ARTHUR: So move.

15 DELEGATE DUDLEY: Second.

16 DELEGATE BYRON: All in favor of accepting
17 the general funding policies? (Ayes.) Opposed? (No response.)
18 Unanimous.

19 MR. STEPHENSON: I did not have the benefit of
20 being at your last meeting, but I would like to ask the Committee about the
21 Tobacco Commission spending plan that appears in the document before
22 you and ask whether or not the Committee has affirmed that plan as being
23 part of the overall plan. I don't know what occurred at the last meeting.

24 MR. NOYES: At the last meeting we had two
25 tables. One was the spending plan, and the other, Stephanie had specific

1 allocations of different committees as opposed to the programs. We were
2 directed by the Committee to delete the one table and to retain the other.
3 This really does say as part of the budget process where the different
4 committees will be looking for funds. The danger is that all of the MSA
5 payments, if they stop tomorrow the Education Committee would be in
6 trouble, because we can't use those funds generally for Education projects,
7 so that's why it's there. Southside and Southwest Economic Development
8 and Technology look to the securitized funds. Everybody else, including
9 Administration, looks to the MSA payment, the annual MSA payment. That
10 doesn't mean there is not going to be some securitized funds elsewhere, but
11 as a guiding principle that's how the budget process proceeds. I think that's
12 useful for folks who look at the plan to understand that's how monies arrive
13 at certain places.

14 MR. STEPHENSON: Madam Chairman, I was
15 inviting attention to this paragraph to make sure that the Committee affirmed
16 that it is part of the Long Range Plan document, because Staff relies on it to
17 conduct your affairs accordingly, and we want to make sure we're on track.

18 MR. ARTHUR: Madam Chairman, so move.

19 SENATOR PUCKETT: Second.

20 DELEGATE BYRON: All in favor of accepting
21 the Commission's spending plan say aye? (Ayes.) Opposed? (No
22 response.) all right.

23 I believe that completes our meeting, unless we have any public
24 comment, and for those in the public that are here today, thank you for
25 coming. We'll get together again right before the full Commission meeting.

1 MR. NOYES: Yes.

2 DELEGATE BYRON: Then we're adjourned.

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4 PROCEEDINGS CONCLUDED.

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19 CERTIFICATE OF THE COURT REPORTER

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21 I, Medford W. Howard, Registered Professional
22 Reporter and Notary Public for the State of Virginia at large, do hereby
23 certify that I was the court reporter who took down and transcribed the
24 proceedings of the **Virginia Tobacco Indemnification and Community**
25 **Revitalization Commission Long Range Plan Committee Meeting when**

1 **held on Monday, October 2, 2006 at 1:00 p.m. at the Hotel Roanoke,**
2 **Roanoke, Virginia.**

3 I further certify this is a true and accurate
4 transcript, to the best of my ability to hear and understand the proceedings.

5 Given under my hand this _____ day of October,
6 2006.

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Medford W. Howard

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Registered Professional Reporter

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Notary Public for the State of Virginia at Large

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18 My Commission Expires: October 31, 2010.

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